



For immediate release

5 Princes Gate
London
SW7 1QJ
United Kingdom

Telephone: + 44 20 7808 0988
Fax + 44 20 7808 0986
info@antofagasta.co.uk

Proposed Acquisition of Franconia Minerals Corporation by Antofagasta plc and Duluth Metals Limited through Incorporation into the Twin Metals Minnesota LLC Joint Venture

London, 20 December, 2010

Antofagasta plc (“Antofagasta” or “the Group”) (LSE: ANTO.L) announces that it has entered into arrangements with Duluth Metals Limited (“Duluth”) (TSX: DM) in connection with Duluth’s proposed acquisition of 100% of the outstanding common shares in the capital of Franconia Minerals Corporation (“Franconia”) (TSX: FRA) by way of plan of arrangement under the *Business Corporations Act* (Alberta) (“the Proposed Acquisition”).

Franconia’s principal assets are a 70% interest in the Birch Lake, Maturi and Spruce Road deposits in northeastern Minnesota through the Birch Lake Joint Venture (“BLJV”). Franconia announced in November 2010 its intention to increase its ownership at the Birch Lake Project to 82% under the terms of the BLJV Agreement. These copper-nickel-platinum and palladium deposits are contiguous to the Nokomis deposit held through Twin Metals Minnesota LLC (“Twin Metals”), the joint venture between Duluth (60%) and Antofagasta (40%), which was formed in July 2010.

Under the plan of arrangement between Duluth and Franconia, Franconia shareholders will have the option to receive cash (on the basis of C\$0.90 per Franconia share), Duluth shares (on the basis of 0.328 Duluth shares per Franconia share) or any combination of cash and Duluth shares, subject to pro-rata, with an aggregate maximum cash consideration of C\$37,979,189 and an aggregate maximum of 13,841,304 Duluth shares. Based on the December 17, 2010 closing prices and trading on the Toronto Stock Exchange, the average value of the offer is approximately C\$0.91 per Franconia share, which represents a premium of 46.6% to Franconia’s last closing price of C\$0.62 and a premium of 48.4% to Franconia’s 20-day volume weighted average trading price of approximately C\$0.61. This offer values Franconia at approximately C\$77 million.

Duluth and Antofagasta have agreed that following the Proposed Acquisition, Franconia’s assets will be transferred to Twin Metals. Antofagasta will contribute approximately C\$30 million in cash to Duluth’s acquisition of Franconia in order to, in part, maintain the 40% and 60% interests of Antofagasta and Duluth, respectively, in Twin Metals.

Additionally, Antofagasta, through its wholly owned subsidiary, Sierra Gorda Investment Company Limited, has subscribed for an aggregate of 7,604,563 subscription receipts of Duluth, by way of private placement, for a price of C\$2.63 per subscription receipt for gross aggregate gross proceeds of C\$20 million. Each subscription receipt entitles the holder thereof, at no additional cost, to one common share of Duluth upon the receipt of the final order approving the plan of arrangement between Duluth and Franconia. Antofagasta indirectly owns 6,550,939 common shares of Duluth representing approximately 6.4% of the issued and outstanding common shares of Duluth. Following the issuance of common shares of Duluth in connection with the subscription receipts, Antofagasta will indirectly own 14,155,502 common shares of Duluth representing approximately 12.8% of the outstanding common shares of Duluth, however upon the issue of common shares of Duluth to Franconia shareholders as part of the Proposed

Acquisition, Antofagasta is expected to indirectly own approximately 11.4% of the issued and outstanding common shares of Duluth. Antofagasta may increase or decrease its investment, directly or indirectly in Duluth from time-to-time, depending on market conditions or any other relevant factors.

Additionally, Duluth will subscribe, pursuant to a private placement, for common shares of Franconia for aggregate gross proceeds C\$2.5 million, C\$1.0 million of which will be contributed to Duluth by Antofagasta. In the event that the Proposed Acquisition is not completed, Antofagasta has agreed with Duluth that Duluth will transfer 40% of such Franconia shares to Antofagasta.

The Proposed Acquisition is subject to the approval of at least two thirds of the votes cast by Franconia shareholders at a special meeting of Franconia shareholders, which is expected to be held in February 2011. Completion of the Proposed Acquisition is also subject to the approval of the Court of Queen's Bench of Alberta, the Toronto Stock Exchange, the receipt of all other necessary regulatory approvals, and other customary conditions. In the event that the Proposed Acquisition is not completed under certain circumstances, Franconia has agreed to pay Duluth a termination fee equal to C\$3 million.

The board of directors of Franconia has unanimously approved the transaction and all directors and senior officers of Franconia, collectively holding approximately 3.8% of the issued and outstanding common shares of Franconia, have entered into support and voting agreements and have agreed to vote their common shares in favour of the Proposed Acquisition.

Marcelo Awad, CEO of Antofagasta Minerals S.A., the Group's mining division, said: "Franconia's assets are an excellent fit with the Nokomis deposit and we are very pleased to enter into this agreement through Twin Metals, our joint venture with Duluth. We are looking forward to advancing the development of these promising assets."

Antofagasta's and Duluth's financial advisor is UBS Securities Canada Inc. and their Canadian legal advisor is Stikeman Elliott LLP.

A copy of the early warning report to be filed by Antofagasta will be available shortly under Duluth's profile at www.sedar.com and further information can be obtained by contacting one of the Antofagasta representatives listed below.

About Franconia Minerals Corporation

Franconia is a company listed on the Toronto Stock Exchange whose principal assets are an effective 82% interest in the Birch Lake, Maturi and Spruce Road deposits in northeastern Minnesota through the Birch Lake Joint Venture. It is currently focused on the development of its Birch Lake copper-nickel-platinum-palladium (PGM) deposit where underground mining and storage of mine wastes underground would minimise the surface impact of the operation.

Franconia has published National Instrument 43-101 ("NI 43-101") compliant resource estimates as follows and as previously fully disclosed by Franconia in news releases dated December 14, 2010 (Birch Lake desposit), September 6, 2010 (Maturi deposit) and December 3, 2007 (Spruce Road deposit):

- *Birch Lake deposit* - 176.8 million tonnes of Indicated Resources grading 0.528% copper, 0.169% nickel, 0.101% cobalt, 0.239 g/t platinum, 0.515 g/t palladium, 0.117 g/t gold for a copper equivalent (CuEq*) grade of 1.177%, plus an additional 39.9 million tonnes of Inferred Resources grading 0.496% copper, 0.157% nickel, 0.009% cobalt, 0.210 g/t

platinum, 0.431 g/t palladium, 0.103 g/t gold for a CuEq grade of 1.083%. See Franconia's company profile on SEDAR at www.sedar.com for the December 1, 2010 Technical Report on the Resource Estimate Update of The Birch Lake Property, Minnesota, U.S.A by Scott Wilson Roscoe Postle Associates; Cut-off \$30 NSR.

- *Maturi deposit* - Inferred (underground) Resource of 119.9 million tonnes grading 0.67% copper, 0.25% nickel, 0.02% cobalt, 0.25 g/t palladium, 0.09 g/t Platinum and 0.04 g/t gold. See Franconia's company profile on SEDAR at www.sedar.com for the October 20, 2006 Technical Report on the Preliminary Assessment of the Birch Lake and Maturi Deposits, Minnesota, U.S.A by Scott Wilson Roscoe Postle Associates.
- *Spruce Road deposit* - Inferred underground resource of 124 million tonnes grading 0.59% copper and 0.21% nickel. See Franconia's company profile on SEDAR at www.sedar.com for the November 15, 2007 Technical Report on the Resource Estimate for the Spruce Road Deposit, Minnesota, U.S.A by Scott Wilson Roscoe Postle Associates; Cut-off grade 0.5% Cu.

Franconia also has a 15,000-acre land package.

The scientific and technical information contained in this press release was provided by Duluth and Franconia in the joint press release of Duluth and Franconia dated December 20, 2010 ("Duluth/Franconia Press Release"). According to the Duluth/Franconia Press Release, Brian Gavin, P.Geo., President and CEO of Franconia, is the Qualified Person for Franconia in accordance with NI 43-101 of the Canadian Securities Administrators who has had the responsibility for the overall coordination and supervision of Franconia's projects and the preparation of Franconia's scientific and technical information contained in Duluth/Franconia Press Release.

Note: (*) Copper equivalent (CuEq%) = Cu% + 2.16 x Ni% + 2.03 x Co% + 0.21 x Au g/t + 0.64 x Pt g/t + 0.17 x Pd g/t based on metal prices and expected process recovery.

Enquiries – London

Antofagasta plc
Tel: +44 20 7808 0988
www.antofagasta.co.uk

Desmond O'Connor
Email: doconor@antofagasta.co.uk

Hussein Barma
Email: hbarma@antofagasta.co.uk

Philip Holden
Email: pholden@antofagasta.co.uk

Press Enquiries – London

Bankside Consultants
Tel: +44 20 7367 8871

Simon Rothschild
Email: simon.rothschild@bankside.com

Enquiries – Santiago

Antofagasta Minerals S.A.
Tel: + 56 2 798 7000

Alejandro Rivera
Tel: +56 2 798 7145
Email: arivera@aminerals.cl

Sebastian Gil
Tel: +56 2 798 7126
Email: sgil@aminerals.cl